

Annuity Funded Life Insurance Cash Flow Analysis

| Loan Analysis | |
|------------------|-------------------|
| Interest Rate* | LIBOR +2% 6.7500% |
| Insurance | |
| Mass Mutual | \$425,304 |
| Phoenix Life | \$362,914 |
| 1862 | |
| Annuitiy Deposit | \$12,793,431 |
| Total Loan | \$13,581,649 |

| Insurance Policy Information | |
|--|--------------|
| (Insurance illustrations are included) | |
| Mass Mutual | \$10,000,000 |
| Phoenix Life | \$8,000,000 |
| 188 | |
| Total Coverage: | \$18,000,000 |

| Annuity Taxation Details | |
|--------------------------|-------|
| Exclusion Ratio | 63.5% |
| Tax Bracket | 40% |

182

| Year | Age | Annuitiy Payout | Interest Paid | Ins Premium |
|------|-----|-----------------|---------------|--------------|
| 1 | 73 | \$ 1,854,987 | \$ (788,218) | \$ (788,218) |
| 2 | 74 | \$ 1,854,987 | \$ (970,262) | \$ (624,430) |
| 3 | 75 | \$ 1,854,987 | \$ (959,719) | \$ (624,430) |
| 4 | 76 | \$ 1,854,987 | \$ (947,893) | \$ (624,430) |
| 5 | 77 | \$ 1,854,987 | \$ (935,247) | \$ (624,430) |
| 6 | 78 | \$ 1,854,987 | \$ (921,726) | \$ (624,430) |
| 7 | 79 | \$ 1,854,987 | \$ (907,269) | \$ (624,430) |
| 8 | 80 | \$ 1,854,987 | \$ (891,811) | \$ (624,430) |
| 9 | 81 | \$ 1,854,987 | \$ (875,283) | \$ (624,430) |
| 10 | 82 | \$ 1,854,987 | \$ (857,611) | \$ (624,430) |
| 11 | 83 | \$ 1,854,987 | \$ (838,715) | \$ (624,430) |
| 12 | 84 | \$ 1,854,987 | \$ (818,511) | \$ (624,430) |
| 13 | 85 | \$ 1,854,987 | \$ (798,909) | \$ (624,430) |
| 14 | 86 | \$ 1,854,987 | \$ (773,811) | \$ (624,430) |
| 15 | 87 | \$ 1,854,987 | \$ (749,114) | \$ (624,430) |
| 16 | 88 | \$ 1,854,987 | \$ (722,707) | \$ (624,430) |
| 17 | 89 | \$ 1,854,987 | \$ (694,472) | \$ (624,430) |
| 18 | 90 | \$ 1,854,987 | \$ (664,283) | \$ (624,430) |
| 19 | 91 | \$ 1,854,987 | \$ (632,003) | \$ (624,430) |
| 20 | 92 | \$ 1,854,987 | \$ (597,489) | \$ (624,430) |
| 21 | 93 | \$ 1,854,987 | \$ (563,756) | \$ (624,430) |

| At Death Net | | | |
|----------------|-----------------|---------------|--|
| Insurance Face | To Lender | Net Insurance | |
| \$ 18,000,000 | \$ (13,581,649) | \$ 4,418,351 | |
| \$ 18,000,000 | \$ (14,281,261) | \$ 3,718,739 | |
| \$ 18,000,000 | \$ (14,110,424) | \$ 3,889,576 | |
| \$ 18,000,000 | \$ (13,927,760) | \$ 4,072,240 | |
| \$ 18,000,000 | \$ (13,732,450) | \$ 4,267,550 | |
| \$ 18,000,000 | \$ (13,523,619) | \$ 4,476,381 | |
| \$ 18,000,000 | \$ (13,300,332) | \$ 4,699,668 | |
| \$ 18,000,000 | \$ (13,061,566) | \$ 4,938,414 | |
| \$ 18,000,000 | \$ (12,806,312) | \$ 5,193,688 | |
| \$ 18,000,000 | \$ (12,533,366) | \$ 5,466,634 | |
| \$ 18,000,000 | \$ (12,241,525) | \$ 5,758,475 | |
| \$ 18,000,000 | \$ (11,929,479) | \$ 6,070,521 | |
| \$ 18,000,000 | \$ (11,595,832) | \$ 6,404,168 | |
| \$ 18,000,000 | \$ (11,239,086) | \$ 6,760,914 | |
| \$ 18,000,000 | \$ (10,857,643) | \$ 7,142,357 | |
| \$ 18,000,000 | \$ (10,449,793) | \$ 7,550,207 | |
| \$ 18,000,000 | \$ (10,013,709) | \$ 7,986,291 | |
| \$ 18,000,000 | \$ (9,547,434) | \$ 8,452,566 | |
| \$ 18,000,000 | \$ (9,048,881) | \$ 8,951,119 | |
| \$ 18,000,000 | \$ (8,515,813) | \$ 9,484,187 | |
| \$ 18,000,000 | \$ (8,330,046) | \$ 9,669,954 | |

| Basis Balance | Amount Taxable | Annuitiy Tax |
|---------------|----------------|--------------|
| \$ 12,793,431 | \$ 677,070 | \$ 270,828 |
| \$ 11,615,515 | \$ 677,070 | \$ 270,828 |
| \$ 10,437,598 | \$ 677,070 | \$ 270,828 |
| \$ 9,259,682 | \$ 677,070 | \$ 270,828 |
| \$ 8,081,765 | \$ 677,070 | \$ 270,828 |
| \$ 6,903,849 | \$ 677,070 | \$ 270,828 |
| \$ 5,725,932 | \$ 677,070 | \$ 270,828 |
| \$ 4,548,016 | \$ 677,070 | \$ 270,828 |
| \$ 3,370,099 | \$ 677,070 | \$ 270,828 |
| \$ 2,192,183 | \$ 677,070 | \$ 270,828 |
| \$ 1,014,266 | \$ 840,720 | \$ 336,288 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |
| - | \$ 1,854,987 | \$ 741,995 |

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Fig. 1

Patent Pending

| Loan Analysis | | |
|-----------------|-----------|--------------|
| Interest Rate* | LIBOR +2% | 6.7500% |
| Insurance | | |
| Mass Mutual | | \$425,304 |
| Phoenix Life | | \$362,914 |
| | | |
| 288 | | |
| Annuity Deposit | | \$12,793,431 |
| Total Loan | | \$13,581,849 |

| Annuity Cash Flow | | | |
|-------------------|--------------|--------------|--------------|
| Annuity Payout | Interest Due | Ins Premium | Service Fee |
| \$ 1,854,987 | \$ (970,262) | \$ (788,218) | \$ (91,667) |
| \$ 1,854,987 | \$ (959,719) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (947,893) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (935,247) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (921,726) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (907,269) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (891,811) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (875,283) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (857,611) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (838,715) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (818,511) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (796,909) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (773,811) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (749,114) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (722,707) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (694,472) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (664,283) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (632,003) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (597,489) | \$ (624,430) | \$ (100,000) |
| \$ 1,854,987 | \$ (563,756) | \$ (624,430) | \$ (100,000) |

| Year | Age |
|------|-----|
| 1 | 73 |
| 2 | 74 |
| 3 | 75 |
| 4 | 76 |
| 5 | 77 |
| 6 | 78 |
| 7 | 79 |
| 8 | 80 |
| 9 | 81 |
| 10 | 82 |
| 11 | 83 |
| 12 | 84 |
| 13 | 85 |
| 14 | 86 |
| 15 | 87 |
| 16 | 88 |
| 17 | 89 |
| 18 | 90 |
| 19 | 91 |
| 20 | 92 |
| 21 | 93 |

Fig. 2

Embodiment One
Where the annuity investment and the loan are internal to a Life Insurance Policy
and the tax obligation is contained within the Insurance Policy

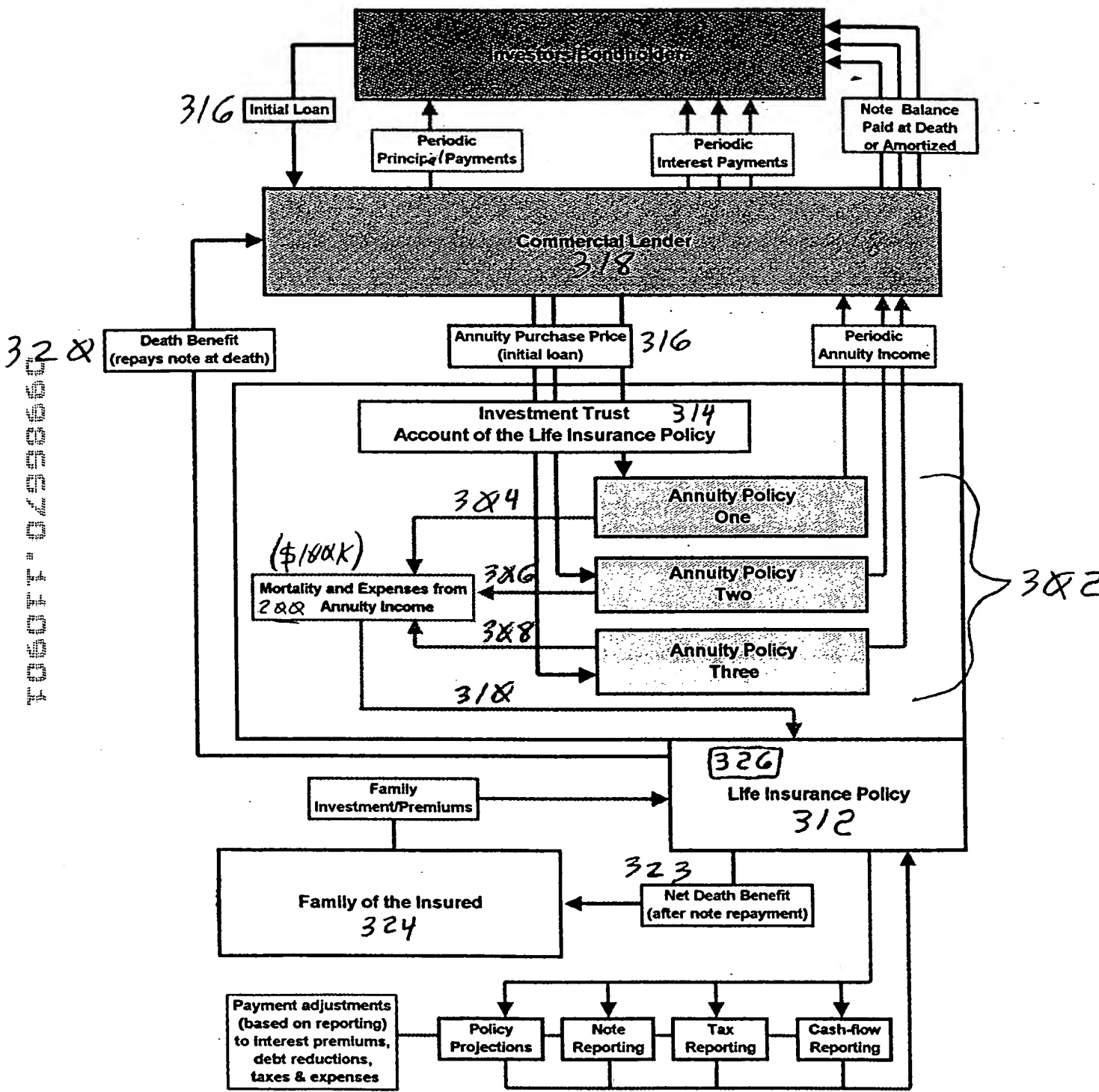


Fig. 3

Embodiment Two

Where the Investment Trust is a subsidiary of a Life Insurance Company and the tax obligation is passed to the Insurer and/or an Insurance Policy

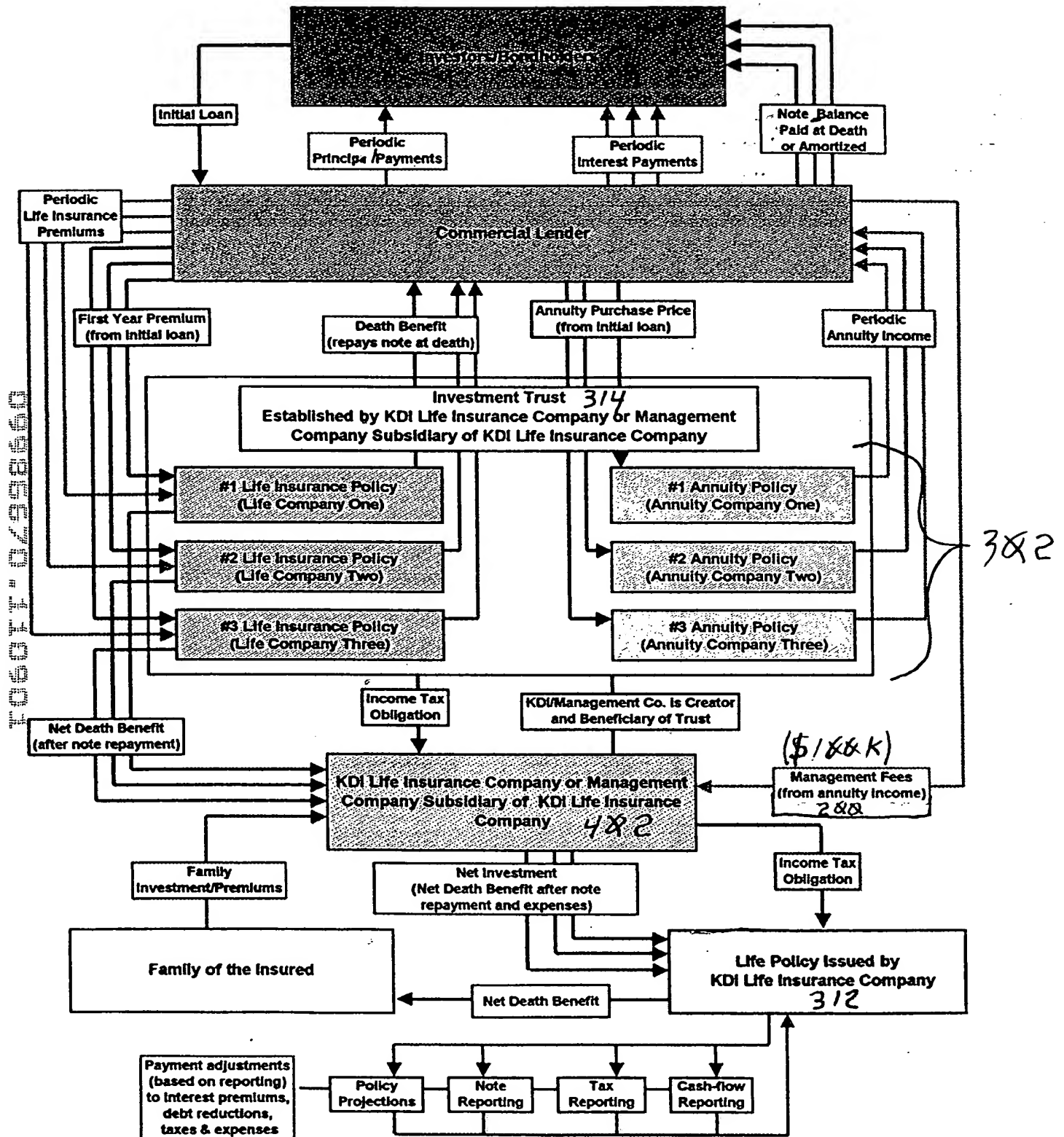


Fig. 4

Embodiment Three
Where a business entity (i.e. a Partnership)
passes the tax obligation to a tax favored taxpayer

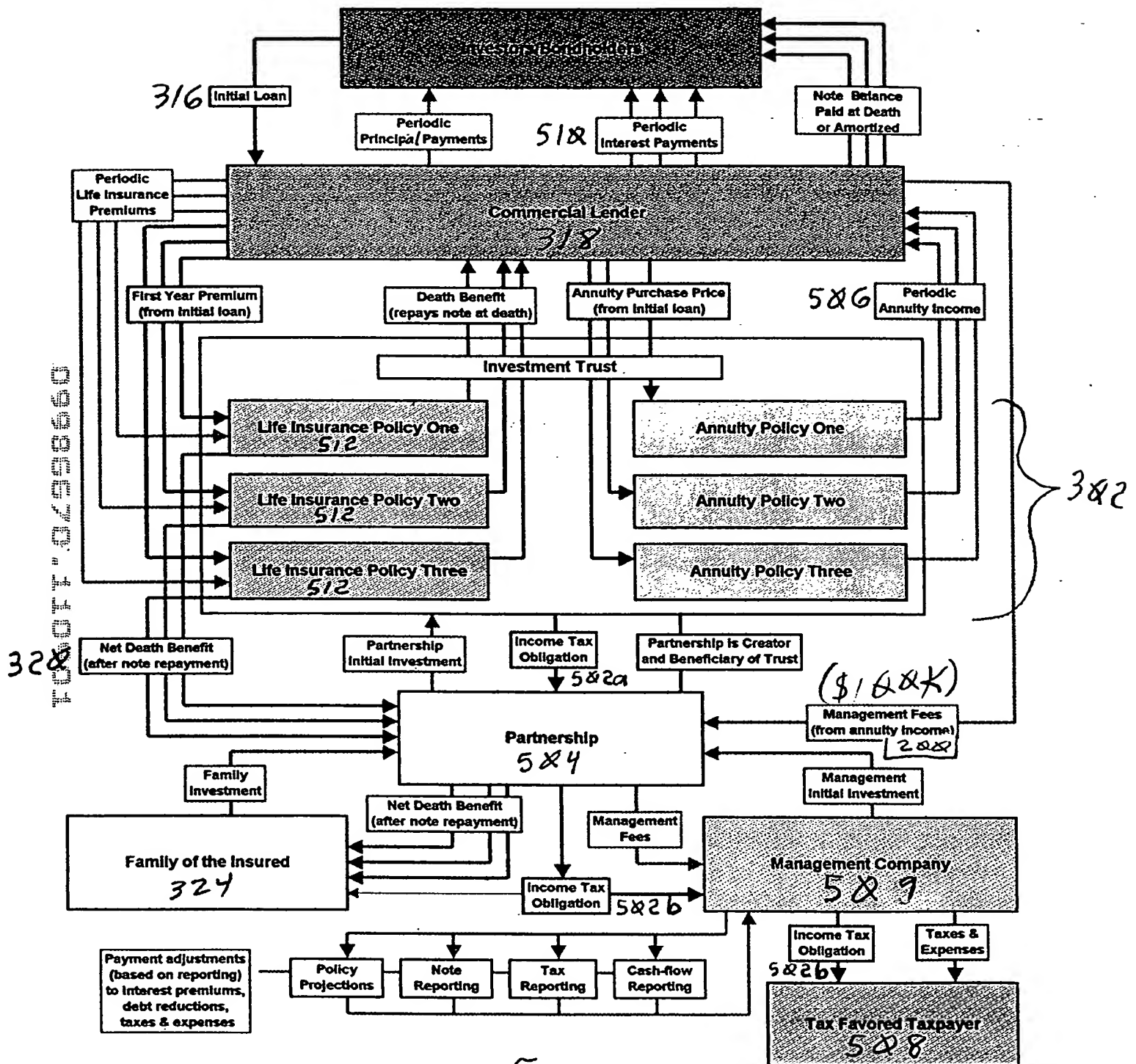


Fig. 5

Embodiment Four

Where the Investment Trust is a subsidiary of or a Tax Favored Company and the tax obligation is passed to the company and the benefit is paid as a dividend

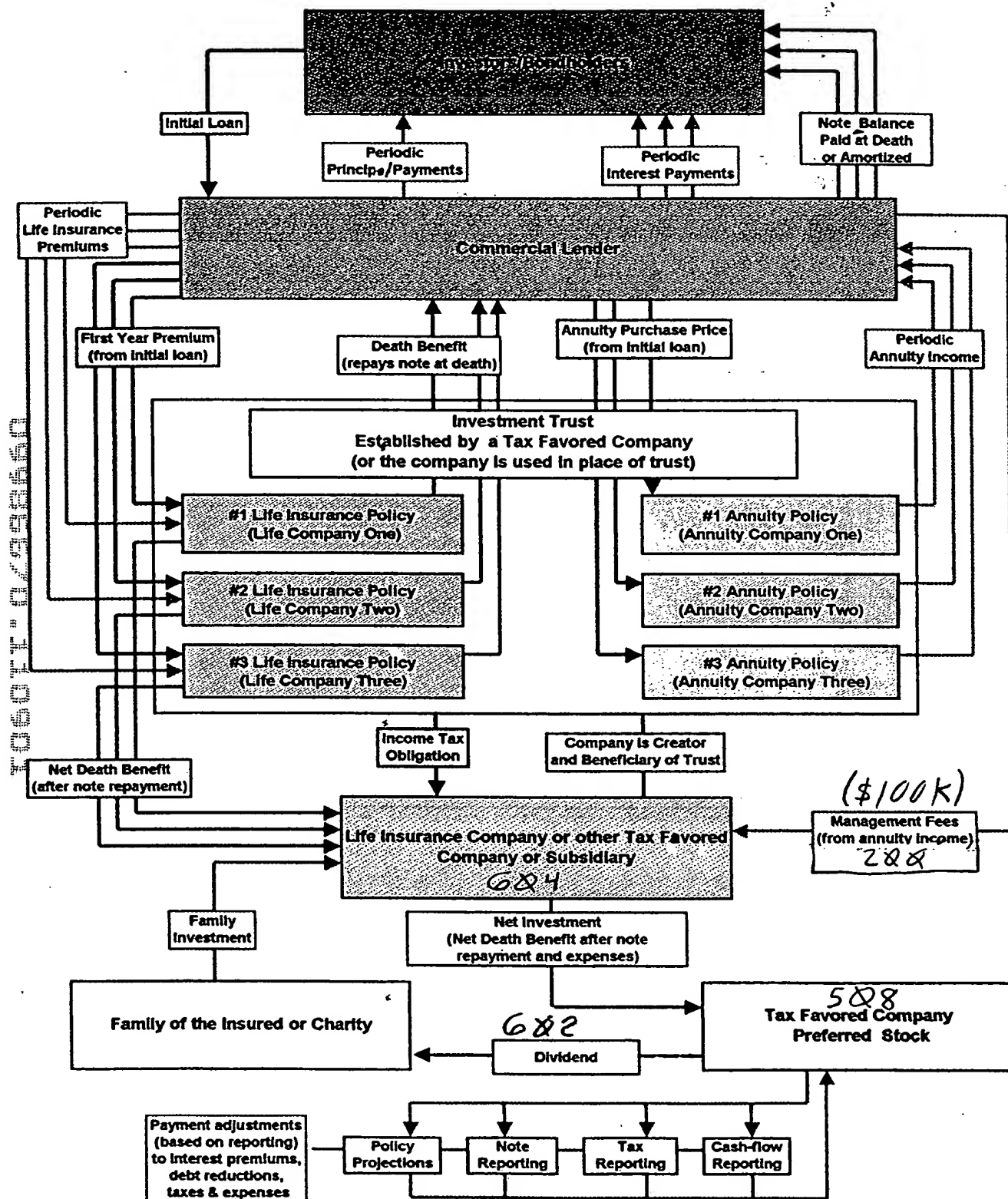


Fig. 6

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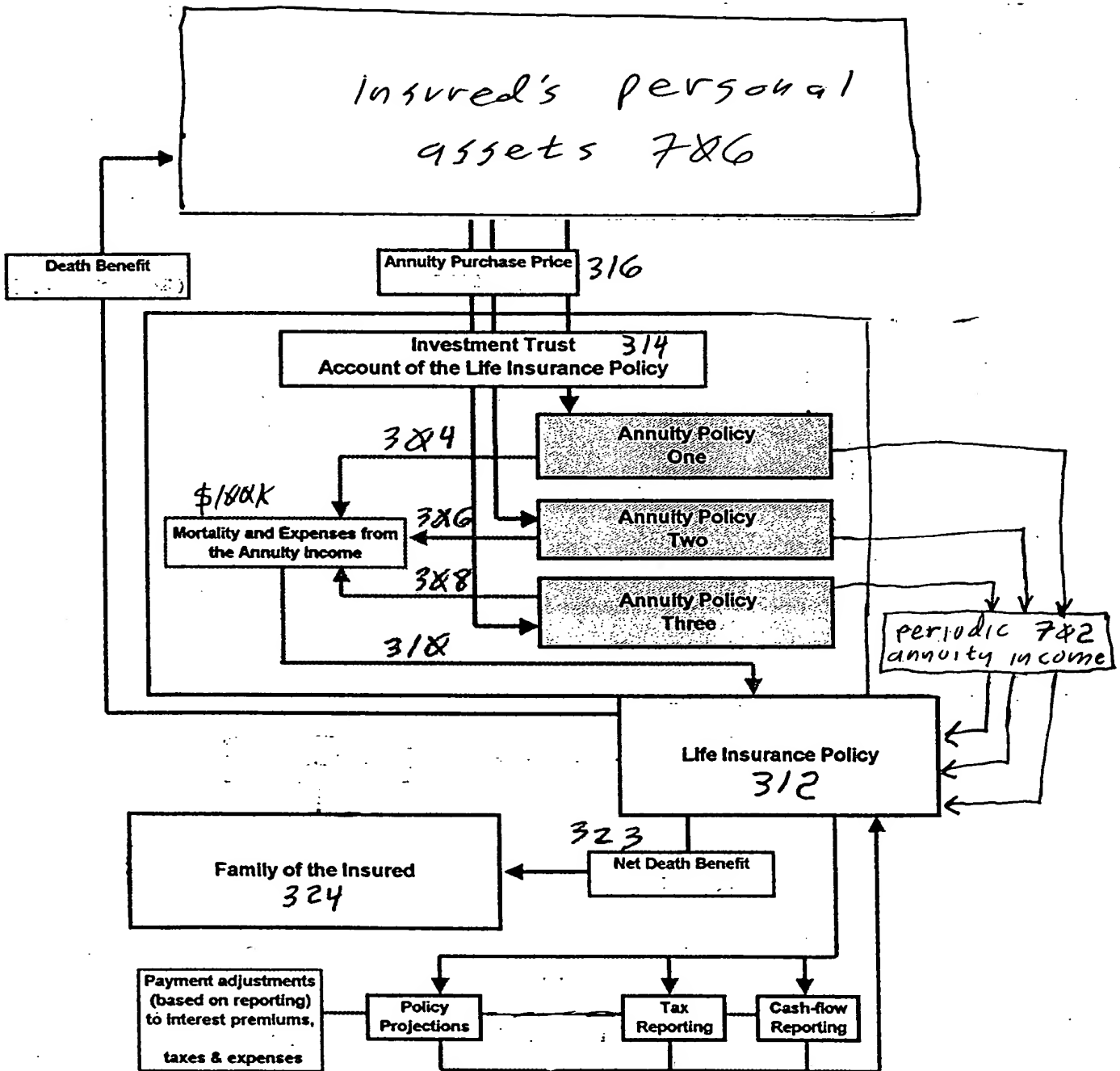
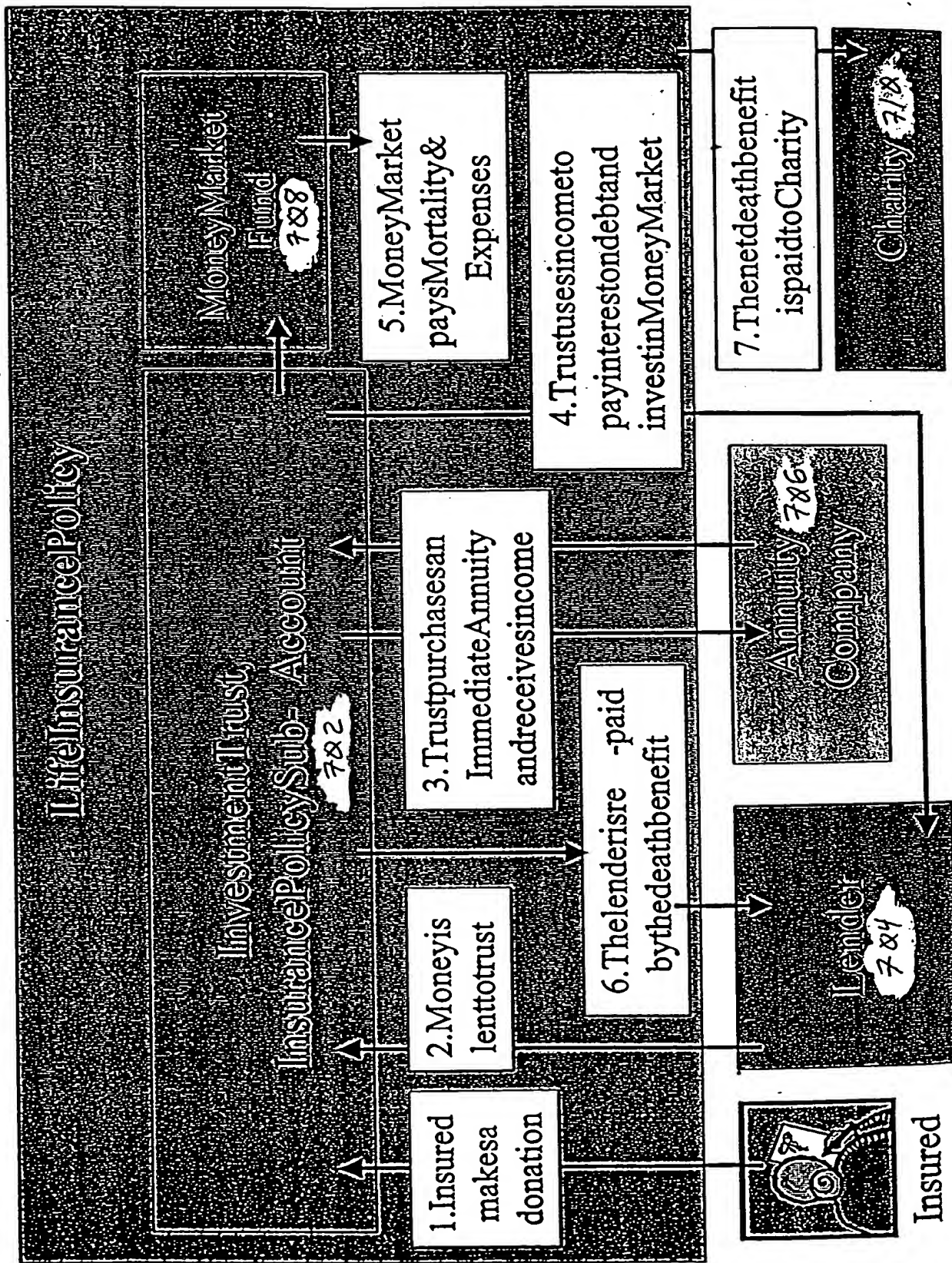


Fig. 7

Charitable Endowment Policy



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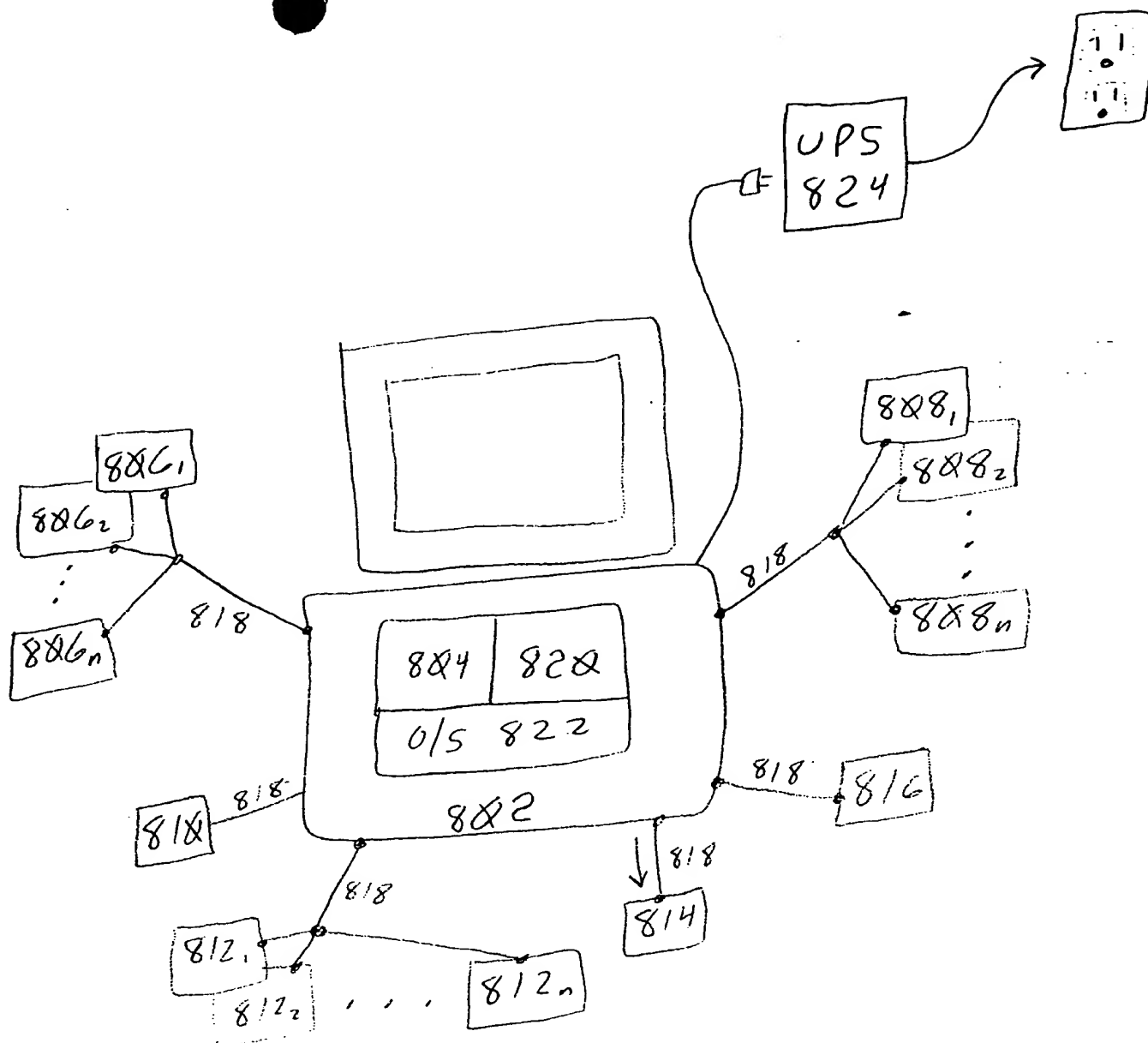


Fig. 9

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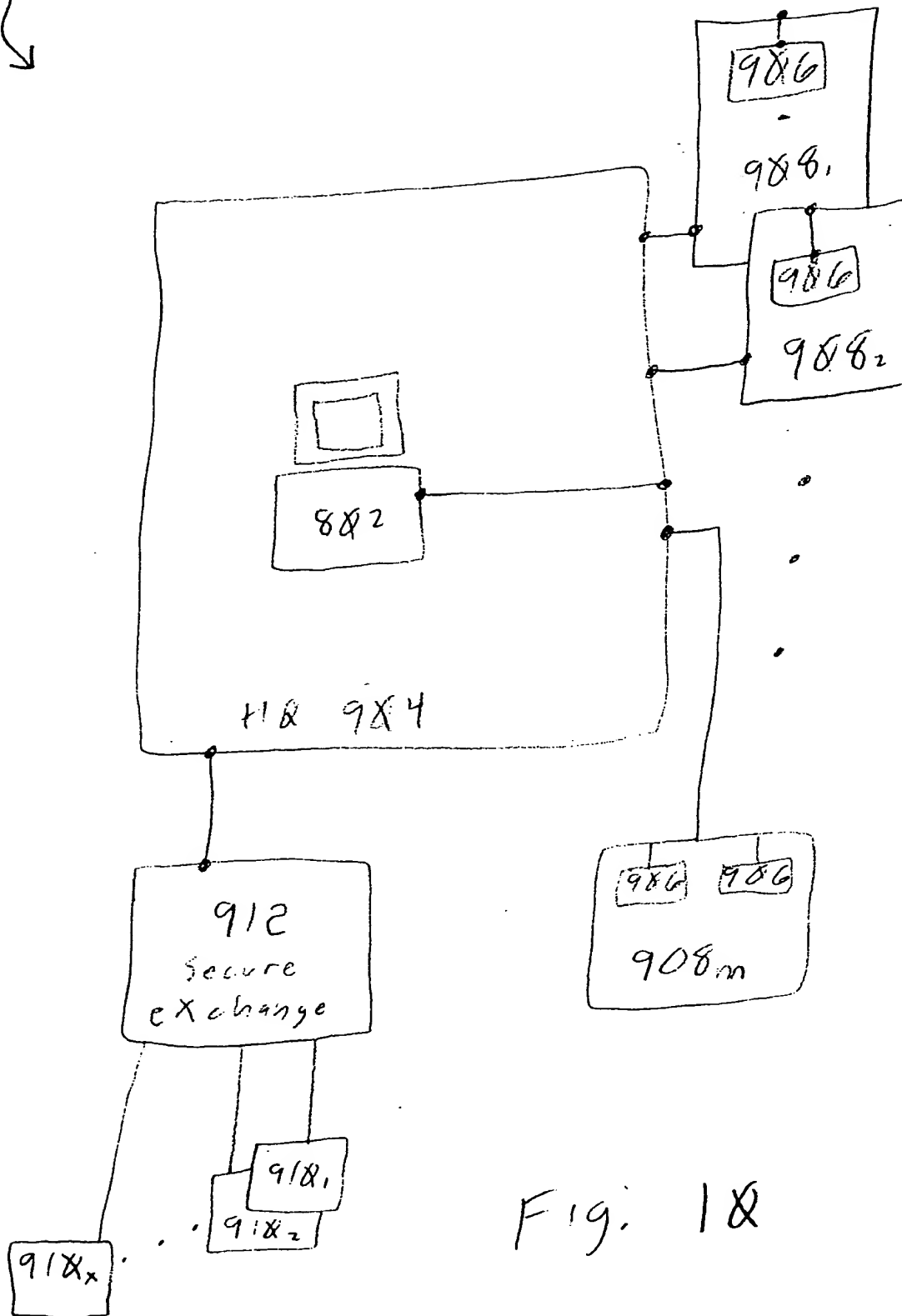


Fig. 18